

Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 IOE-00 OIC-02 AID-05 EB-07

COME-00 LAB-04 SIL-01 TRSE-00 STR-04 ABF-01 PA-02

PRS-01 USIE-00 CIAE-00 INR-07 NSAE-00 INRE-00 AF-06

ARA-10 EA-10 NEA-09 SSO-00 NSCE-00 AGR-10 OMB-01

DIWY-01 /104 W

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 5369

INFO USMISSION USUN NEW YORK

AMEMBASSY ROME

UNCLAS SECTION 1 OF 2 VIENNA 3218

E.O. 11652: N/A

TAGS: UNIDO, AFIN, APER, AORG, OCON

SUBJECT: UNIDO - IDB-IX: AGENDA ITEM 5(C) - PROGRAM/BUDGET
FOR 1976-77 (ID/B/154).

ROME FOR SCHUWEILER, USDEL TO FAO AGRIC COMTE

REF: (A) VIENNA 2978; (B) STATE 080111

SUMMARY. FOLLOWING IS DRAFT POSITION PAPER ON AGENDA
ITEM 5(C) SUBMITTED FOR DEPT'S APPROVAL PURSUANT REF B.
END SUMMARY.

1. PROBLEM: THE 1976-77 PROGRAM/BUDGET FOR UNIDO IS
SUBMITTED TO THE IDB BY THE SECRETARY-GENERAL FOR
CONSIDERATION AND COMMENT PRIOR TO ITS EXAMINATION BY THE
ACABQ AND SUBSEQUENTLY THE FA FIFTH COMMITTEE. IT CALLS
FOR ESTIMATED EXPENDITURES OF \$44.98 MILLION COMPARED
WITH/1974-75 APPROPRIATIONS OF \$36.65 MILLION. IT PROVIDES
FOR \$1 MILLION OR 2.5 PERCENT REAL PROGRAM GROWTH OVER
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THE CURRENT BIENNIUM; THE REMAINDER OF THE DOLLAR

INCREASE LARGELY REPRESENTS INFLATION. THIS RATE OF PROGRAM GROWTH IS WITHIN THE LIMITS ESTABLISHED FOR UNIDO BY THE SYG AND PROVIDES FOR AN INCREASE IN PROFESSIONAL STAFF OF 20 AND GS-LEVEL STAFF BY 34 OVER THE CURRENT AUTHORIZED POSTS. THE GRAND TOTAL OF UNIDO'S STAFF WOULD BE 1,098 COMPARED WITH 1,041 AT PRESENT.

2. US POSITION:

A. THE USDEL SHOULD JOIN WITH OTHER DELEGATIONS TO PROTEST TARDINESS OF DISTRIBUTION OF THE P/B DOCUMENT (DISTRIBUTED IN ENGLISH APRIL 11 FOR IDB-IX BEGINNING APRIL 21) HAVING IN MIND THAT RESPONSIBILITY FOR THIS MAY BE LARGELY IN UN NEW YORK.

B. SUBJECT TO THE INSTRUCTIONS BELOW, THE USDEL IS AUTHORIZED TO ACCEPT THE PROGRAM/BUDGET FOR 1976-77 IN "ACCORDANCE WITH THE PROGRAM/BUDGETARY PROCEDURES ESTABLISHED BY THE SYG" (THIS WAS THE FORMULA USED AT IDB-VII IN CONNECTION WITH IDB ACTION ON UNIDO'S 1974-75 P/B.) USDEL SHOULD, HOWEVER, RESERVE THE FINAL POSITION OF THE US AS REGARDS THE 1976-77 APPROPRIATIONS FOR UNIDO PENDING EXAMINATION BY THE USG OF THE TOTAL ESTIMATES TO BE PROPOSED FOR THE UN BY THE SYG AND OF THE RECOMMENDATIONS OF THE ACABQ THEREON. (AN EXPLICIT RESERVATION TO THIS EFFECT ON THE 1974-75 P/B WAS WRITTEN INTO THE REPORT OF IDB-VII BY A NUMBER OF DELEGATIONS.)

C. THE USDEL MAY ACCEPT THE BASIC DISTRIBUTION OF THE REAL PROGRAM INCREASE, ALMOST ALL OF WHICH IS INTENDED TO ENHANCE UNIDO'S CAPACITY TO DELIVER TECHNICAL ASSISTANCE AND APPEARS ALLOCATED WITHIN UNIDO IN TERMS OF THE DIVISIONAL RELATIVE SHARE OF CURRENT AND PROSPECTIVE TECHNICAL ASSISTANCE ACTIVITY. (THERE WOULD APPEAR TO BE NO PRACTICABLE ALTERNATIVE TO THIS COURSE GIVEN THE GROWING DEMAND FOR UNIDO SERVICES AS AN EXECUTING AGENCY, THE PROBLEM OF OVERHEAD COSTS AND NEAR ZERO GROWTH IN REAL TERMS UNCLASSIFIED

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OF THE REGUALR BUDGET.)

D. THE USDEL SHOULD BE PARTICULARLY ALERT TO THE TREATMENT TO BE GIVEN BY THE BOARD TO TWO SPECIFIC PROPOSED ACTIVITIES WHICH APPEAR IN THE P/B DOCUMENT. THESE CONCERN (1) EXAMINATION OF THE POTENTIAL FOR, AND PROMOTION OF, THE ESTABLISHMENT OF TWO PRODUCER-PROCESSOR ASSOCIATIONS, PARTICULARLY IN THE ALUMINUM

AND THE IRON AND STEEL INDUSTRIES (PARA 12.13) AND
(2) THE IDENTIFICATION OF INDUSTRIAL ENTERPRISES IN
DEVELOPED COUNTRIES THAT COULD BE RELOCATED TO
DEVELOPING COUNTRIES, AND ASSISTANCE IN TRANSPLANTING
EIGHT SUCH ENTERPRISES (12.43). AS REGARDS THE FIRST
OF THESE, THE USDEL SHOULD ASK THE SECRETARIAT TO
INDICATE WHAT IN ITS VIEW THE PURPOSES AND OBJECTIVES
OF SUCH ASSOCIATIONS WOULD BE. IF IN THE JUDGEMENT
OF THE USDEL THESE ARE UNEXCEPTIONABLE AND WOULD
SERVE APPROPRIATELY TO ASSIST THE INDUSTRIAL DEVELOPMENT
OF DEVELOPING COUNTRIES, IT NEED NOT RAISE OBJECTION
TO THE PROPOSAL PROVIDED THAT THE REFERENCE MREAINS TO
"PRODUCER-PROCESSOR ASSOCIATIONS" AND THAT PARTICIPATION
IN SUCH ASSOCIATIONS IS NOT REPEAT NOT CONFINED TO
PRODUCERS-PROCESSORS LOCATED IN DEVELOPING COUNTRIES.
(NOTE: THE MISSION IS NOT SURE OF ITS GROUND ON THIS
POINT, (VIENNA 3133 PARA 5A). WE ARE AWARE OF THE
POITION ON ASSOCIATIONS OF COMMODITY PRODUCING OR
EXPORTING COUNTRIES EXPOUNDED IN UNEC D-143/75 FOR THE
LIMA CONFERENCE AND THE LINE WE TOOK ON THIS IN
NEGOTIATION OF THE LIMA DECLARATION. WE ARE NOT CLEAR,
HOWEVER, WHAT VIEWS WASHINGTON MAY HAVE ON THE QUESTION
OF ASSOCIATIONS WHICH COVER PROCESSING OF RAW MATERIALS.
PRESUMABLY ASSOCIATIONS OF THE LATTER TYPE WOULD NOT BE
BASED ON COUNTRY MEMBERSHIP OR PARTICIPATIONS, BUT ON
PARTICIPANTION AT THE ENTERPRISE LEVEL. WHETHER ASSOCIATIONS
OF THIS TYPE, EVEN IF OPEN TO PARTICIPATION FROM THE
INDUSTRIAL COUNTRY SIDE, ARE SESIRABLE AND WHETHER
UNIDO SHOULD BE PROMOTING THEIR ESTABLISHMENT ARE QUESTIONS
ON WHICH THE MISSION NEEDS FURTHER QUIDANCE.) AS

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REGARDS THE SECOND PROPOSAL THE USDEL SHOULD, AS NECESSARY, REQUEST CLARIFICATION FROM THE SECRETARIAT ON WHAT KIND OF SECRETARIAT ACTIVITY IS ENVISAGED. SPECIFICALLY, THE REFERENCE TO "TRANSPLANTING EIGHT SUCH ENTERPRISES" SHOULD BE DELETED. IF THE SUB-PARAGRAPH IS SATISFACTORILY AMENDED AND EXPLAINED ALONG THE LINES INDICATED BY AFIFI (VIENNA 3133 PARA 5B) THE USDEL MAY ACCEPT ITS INCLUSION IN THE PROGRAM/BUDGET. THE USDEL SHOULD KEEP THE DEPT FULLY INFORMED OF DEVELOPMENTS WITH RESPECT TO THESE TWO MATTERS.

E. THE USDEL MAY RAISE QUESTION AND/OR SEEK CLARIFICATION WITH REGARD TO THE FOLLOWING SPECIFIC POINTS OF THE P/B:

(I) WHY THE CONCENTRATION OF NEW PROFESSIONAL POSTS AT THE P5/P4 LEVEL - 17 OUR OF 20;

(II) WHY A FOLLOW-UP MEETING OF UNIDO-II IN 1976
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(PARA 12.2). IS THIS TO BE A GENERAL FOLLOW-UP MEETING; IF SO, THIS SHOULD BE THE RESPONSIBILITY OF THE BOARD. IF A MORE FOCUSED MEETING IS IN MIND (E.G. TO CONSIDER MARCHINERY OF CONSULTATIONS) SUCH MEETING WILL HAVE TO BE CONSIDERED ON ITS MERITS. AS A GENERAL MATTER SPECIFIC FOLLOW-UP PROPOSAL SHOULD BE CONSIDERED IN THE BOARD OR PERMANENT COMMITTEE. NOTE ALSO THAT THE LIMA DOCUMENT ENVISAGES A GENERAL CONFERENCE EVERY FOUR YEARS AND THAT FUTURE REP COMM MEETINGS WILL HAVE TO BE GEARED ACCORDINGLY;

(III) HOW DOES THE IT DIVISION ACTIVITY OF "ASSISTING THE DEVELOPING COUNTRIES TO INCREASE THEIR SHARE IN WORLD MARKETS FOR MANUFACTURED GOODS" (PARA 12.8) RELATE TO THE RESPONSIBILITIES OF THE EXPORT PROMOTION SECTION OF IPP DIVISION. SPECIFICALLY WHAT KIND OF CONSULTATIONS ARE ENVISAGED FOR THIS PURPOSES;

(IV) IS THERE NEED FOR AN INDUSTRIAL CONSTRUCTION INFORMATION SERVICE SEPARATE FROM THE EXISTING INDUSTRIAL INFORMATION CLEARING HOUSE (PARA 12.25);

(V) WHAT SHARE OF THE 4,000 INQUIRES RECEIVED ANNUALLY BY THE INDUSTRIAL INFORMATION SERVICE ARE REFERRED TO COMMERCIAL CONSULTANTS - WHAT IS THE AVERAGE AND GROSS COST OF RESPONDING TO INQUIRIES AND WHAT IS THE NATIONALITY BREAKDOWN OF THE CONSULTANTS (PARA 12.31);

(VI) SHOULD THE SMALL SCALE INDUSTRIES SECTION HAVE A CAPACITY SEPARATE FROM THE IPP DIVISION PROMOTION SECTION FOR PROMOTING THE "ESTABLISHMENT OR IMPROVEMENT OF FINANCING FACILITIES FOR SMALL-SCALE INDUSTRIES" (PARA 12.35);

(VII) WHAT IS THE FOCUS AND WHAT PRIORITIES ARE ENVISAGED IN THE FIELD OF INDUSTRIAL TRAINING (PARA 12.37); (THE INFO GIVEN IN THIS RESPECT IS TOO SPARSE)

(VIII) WHAT SPECIFICALLY IS ENVISAGED IN THE PROPOSAL TO ESTABLISH A UNIDO INDUSTRIAL INVESTMENT CENTER (PARA 12.54) WITHIN THE UNIDO/IBRD COOPERATIVE UNCLASSIFIED

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PROGRAM AND HOW WOULD THIS RELATE TO OTHER SIMILAR ACTIVITIES IN THIS FIELD;

(IX) WHAT IS THE NEED FOR ARABIC LANGUAGE TRAINING (PARA 12.64); (NOTE - WILL DEPT PLEASE INDICATE IN POSITION PAPER WHAT IS DONE ELSEWHERE IN UN IN THIS RESPECT);

(X) IN WHAT WAY IS THE PROPOSED "WORKABLE PROJECT INFORMATION SYSTEM" INTENDED TO BE A BETTER TOOL THAN DISCARDED MISPI (PARA 12.70);

F. THE USDEL SHOULD QUESTION THE SECRETARIAT ON THE STATUS OF ESTABLISHMENT OF (1) ADVISORY PANEL TO GIVE ADVICE AND GUIDANCE ON UNIDO'S STUDY AND RESEARCH PROGRAM (PARA 29, ID/B/142) AND (2) ADVISORY PANEL ON THE INVESTMENT PROMOTION PROGRAM (PARA 52, ID/B/142). THE USDEL SHOULD, AS APPROPRIATE, REITERATE THE NEED FOR SUCH ADVISORY PANELS AND PRESS FOR THEIR ESTABLISHMENT SO AS TO HELP ENSURE THAT SUCH STUDIES AND RESEARCH AS ARE UNDERTAKEN ARE AS WELL CHOSEN AND DESIGNED AS FEASIBLE AND THAT PROPOSED INVESTMENT PROMOTION MEETINGS AND OTHER RELATED ACTIVITIES ARE CAREFULLY VETTED BY KNOWLEDGEABLE PEOPLE IN THIS FIELD.

G. AS REGARDS PARAS 12.77-12.81 (WHICH
CONSITITUTE A SUMMING UP OF THE FINANCIAL AND STAFFING
PICTURE) THE USDEL SHOULD IMMEDIATELY INFORM THE
DEPT OF ANY PROPOSALS DESIGNED SUBSTANTIALY TO INCREASE
THE NUMBER OF POSTS AND/OR FINANCIAL ESTIMATES OF
THE 1976-77 P/B IN ORDER TO COVER THE OVERHEAD GAP
OR OF ANY PROPOSALS THAT WOULD SIGNIFICANTLY REVISE
THE UNDP OVERHEAD PAYMENTS FORMULA. (THE POSITION
PAPER ON AGENDA ITEM 5(A) IS ALSO RELEVANT TO THE
SUBJECT MATTER OF THESE PARAGRAPHS.) STIBRAVY

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